

### **INTRODUCTION**

On March 16<sup>th</sup>, 2012, Senator Carol Liu held the third Early Learning and Child Care Roundtable to discuss the impact of state child care budget cuts on current and next fiscal year programs. The group explored and developed strategies and solutions to address the budget cuts. The outcomes of the roundtable discussion are summarized below.

### **SUMMARY**

#### **VISION FOR THE FUTURE**

Preserve the existing child care and early childhood education infrastructure to better serve the children of California and enable economic recovery of families.

#### **PRINCIPLES**

- Cuts should be made in a way that permits the system to survive, perhaps with a reduced number of children being served.
- Child care and early learning programs should provide consistent, continuous, stable care for families.
- Child care and early learning programs should reduce the school readiness gap.
- Low-income families should have priority access to high quality child care.

#### **POSSIBLE SOLUTIONS**

*Governor's Proposed Cuts:* The cuts as proposed by the Governor make child care unsustainable and must be reexamined to either be reduced or removed altogether.

*Realignment:* If the proposal to realign all child development services from the California Department of Education to the counties was rejected, the \$35 million that would otherwise be spent on training or transferring responsibilities could be used to continue serving children.

*Multi-Year Contracts:* Multi-year contracts could produce savings by reducing administrative workload. However, implementing this strategy would be contingent on the State having a multi-year budget as well.

*Flexibility:* If the budget allowed providers flexibility to determine where to cut, it would preserve infrastructure and allow those who work most closely with children to decide where cuts make the most sense.

*Integration of Service:* Allowing a mix of subsidized and non-subsidized child care may produce cost savings in service delivery and better serve a diverse population of children and families.

*Rainy Day Fund:* LA County and the State of California maintain a rainy day fund for emergencies. Loss of child care services limits parents' ability to work, thus slowing economic recovery. Therefore, Los Angeles County should view loss of state childcare funds as an emergency to which rainy day funds can be applied.

*Parent Fees:* Increased parent fees will allow the State to serve more children, but may be cost-prohibitive for families with the greatest need.

*Criteria for Seeking Employment:* State law currently allows parents who are pursuing education or training to receive subsidized child care, while federal requirement limit subsidies to those parents who are actually employed or seeking employment. Adopting federal work requirements would cause these parents receiving education and training to become ineligible, limiting their ability to find work, and contribute to California's economic recovery. Eligibility for those pursuing education or training should be extended to 2 years rather than being eliminated.

*Integrating R&Rs and APs:* The integration of resource and referral (R&R) programs and alternative payment (AP) programs could create more direct funding for children by reducing administrative costs.

*State Budget:* Withholding reimbursement when the budget is late and invoking trigger cuts when budget revenue projections fall short can force childcare providers to shut down or children to drop out of child care mid-year. Parents are left scrambling for childcare and risk losing their jobs. Providers and agencies are disrupted and incur unnecessary administrative costs. The Legislature should pass the budget on time and not include trigger cuts as a back-stop to budget imbalance.

*Access to Part-Day Preschool:* No fees are charged for part day preschool, regardless of income. Several participants suggested implementing a sliding-fee scale to provide more funding for providers. However, this could be cost-prohibitive for parents that rely in this service and should not be implemented.

*U.S. Department of H.H.S. Penalties:* The State will continue to pursue an annual waiver from the U.S. Department of H.H.S. so that these penalty costs are not passed on to the providers. The administrative cost and actual cost of these penalties obstruct providers from serving as many children as possible. The state should engage the federal government in a discussion of the necessity, extent, and reasonableness of the penalties.

*Work Participation Rates:* Automatically enrolling eligible families who receive subsidized child care in CalFresh will increase participation rates. State law authorizing automatic enrollment should be implemented. The California Department of Social Services would be responsible for implementation.

*Older Youth:* Older youth should be directed into afterschool programs when available instead of child care programs during non-traditional hours to provide more funding and space for younger children.

*Local Planning Councils (LCPs):* Participants acknowledge that LPCs have played a vital role in connecting parents, providers, and agencies. Although they are not mandated, LPCs encourage collaboration and discourage duplication of efforts and resources. Nonetheless, several participants felt the \$3 million in the budget to support the local planning councils would be better spent on direct child care services.

#### **ALTERNATIVE PROPOSAL**

Cliff Marcussen of Options suggested an alternative proposal to Governor Brown's cuts at our meeting. You may contact Cliff Marcussen directly to receive a copy of his proposal through email at [CMarcussen@optionscc.org](mailto:CMarcussen@optionscc.org).

#### **NEXT STEPS**

Senator Liu will host her fourth Early Learning and Child Care Roundtable on Friday, May 18<sup>th</sup> at the Burbank Bob Hope Airport, Skyroom, Terminal A on the Second Floor, located at 2627 Hollywood Way, Burbank, CA 91505. The purpose of this meeting is to review funding alternatives in light of the Governor's May budget revise.